

MONEY

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MATTERS

Past Performance is...

The below is literally copied from Yahoo Finance's Morning Brief. It talks about how past performance is no guarantee of future results, BUT that history can be telling.

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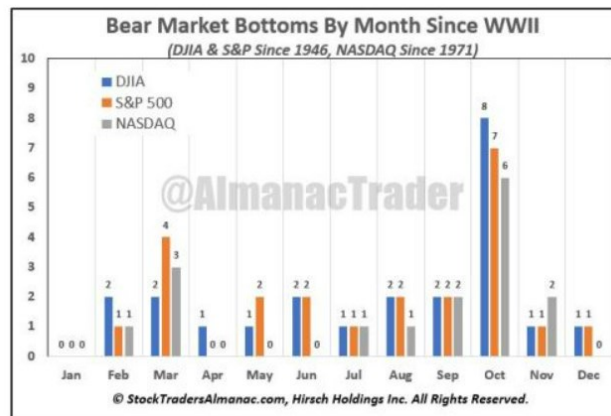
"Past performance is not guarantee of future results" may be the most repeated disclaimer in the financial services industry. It's a warning to investors not to get too excited about what they think is a replay of a historical pattern. Because...oftentimes, history doesn't repeat itself.

That said, if history is any indication of what could come, the fall of 2022 could mark the end of what's been months of selling that sent the S&P 500 down about 25% from its January 3 high to its October 12 low.

"Major market bottoms have occurred in October more than any other months," Ari Wald, head of technical analysis at Oppenheimer, noted last month.

"Not all indices have bottomed on the same day for all bear markets, but the lion's shares, or bear's share I should say, bottomed in October," Hirsch wrote.

Another im- been passed stocks per- term elec- 500 has risen every single term elections a single in- negative re- global head of Deutsche week.



This year's on November Democrats

Senate and/or the House, which increases the likelihood that little new legislation gets passed amid gridlock. Ironically, gridlock is often thought to be bullish for stocks as it removes some policy uncertainty.

To reiterate, none of this means it's a sure thing that markets will begin a sustained rally this fall. This year, in particular, has been an unusual one as the Federal Reserve has been explicitly beating down markets in its efforts to bring down inflation. And inflation continues to be persistently high.

As market veteran Sam Stovall often says, "History is a great guide, but it's not gospel."

Sources: Yahoo Finance: October 18, 2022 Morning Brief, author Sam Ro.

pressive stat that's around is how formed around mid- tions. "The S&P in the year after one of the 19 mid- since WWII, with not stance seeing a turn," Jim Reid , credit strategy at Bank, observed last

high-stakes election 8 could end with losing control of the

Life-Time Cash-Flow

- "What is a LifeTime CashFlow?"
- This is *Rubey & Rust's* proprietary financial planning analysis. It allows us to place your entire financial life onto one piece of paper. It is a living tool which will estimate where you are and where you are

3rd Quarter 2022 Stock Market Update

The 3rd quarter saw the markets continue to decline with concerns of economic slowing despite an August rally. Supply chain issues, the war in Ukraine, and continued inflation have kept things depressed. As a result, in this quarter, we saw the Dow Jones Industrial Average sell-off 6.6%, the SP-500 decline 5.26% and the NASDAQ average (representing the tech industry) lose 4.1%. Year-to-date it has been a bad year so far, with the DJIA down 20.9%, the S&P-500 average down 24.7% and the NASDAQ down 32.4%.

These declines were supported by the theory that we are seeing consistent inflation, the beginning of an economic downturn, and fewer retail sales. It might be too early for predictions as job gains are doing well and unemployment is at its lowest level in years at less than 4%. Inflation is trending higher than we have seen in 40 years (~8.3%) and the turnover in technology earnings could lead to lay offs.

This inflation data has the Federal Reserve continuing to raise interest rates, the first being 0.25% last March, and then increasing by 0.75% at each of the last 3 meetings bringing the prime rate to 6.25%. More hikes may come as another 0.75% is planned for the November '22 meeting. Furthermore, the Fed is no longer buying short term bonds to stimulate the economy but is instead now selling them. This process allows interest rates to rise naturally.

And now a word about our GDP. It's a measure of our economic health. In 2021, the US posted a GDP of +5.6%. In 2022 we have seen the GDP print a negative (1.6%) in both the first & second quarters. 3rd quarter's GDP was a positive 2.6%! (per the Wall Street Journal) Two negative quarters is not good news as that indicates a recession, especially when the stock market drops over 20% year to date. The Kiplinger letter predicts that the GDP will be up 1.6% for the year but not as strong (+0.5%) for 2023.

The total Federal deficit now is over \$33+ trillion going into the 4nd quarter of this year. More debt will be added as the infrastructure bill has passed. This bill offers yet again more job opportunities for those out of work.

In summary, all the indices are down this year. Let's hope that inflation comes under control and that many of the problems get resolved (e.g. the Ukraine war) and that this seemingly endless Covid subsides. *Sources: Information should not be relied upon by the reader as research or specific investment advice, nor should it be considered as a recommendation to purchase or sell a security. Sources: Morningstar.com; Barrons; CNBC.com; Google; Charles Rubey, CFA, TradeStation, Yahoo*

TD Ameritrade begins to Transition to Schwab

TD Ameritrade, Institutional both have a great on-line presence. As TDA migrates into Schwab, you'll need to have your **www.advisorclient.com** log-in current & working. This will make your experience much more smooth. Please set up your on-line presence now @:

www.advisorclient.com

You'll need one of your account numbers. Then follow the prompts :)

RubeyRust.com Check out our Website

Please visit **www.rubeyrust.com**

You will find information on who we are and how we strategize to help you become your best financial self. There are a few cute pictures and copies of our latest newsletters and hopefully some interesting articles. You can also log in directly to the TD Ameritrade, Institutional website to view your accounts.

Let us know what you think !!

Estate Tax Exemption & Gifting Changes

Although most Americans have wealth levels below the federal estate tax exemption limit of \$12,060,000, it may be of interest to you that it is set to be cut in 1/2 in 2026. The new threshold will be \$6,030,000, adjusted for inflation of course, so it'll probably be a bit higher in 2026, but still substantially less than the current levels. As this is a sunset provision of the Tax Cuts & Jobs Act (TCJA) passed in 2017, it will take an act of Congress to extend it. Is there a way to take advantage of the current estate tax threshold? The answer is yes, but...

The IRS has ruled that starting in 2026 your estate tax threshold will be the greater of the estate tax threshold then in place or the total taxable gifts you have made during life. For example, you give your brother \$10M in 2022. You die in 2026. The \$10M will be estate tax free because it is greater than the "then \$6M" estate tax threshold limit. If you give less than the reduced amount, that amount will count against your \$6M.

In other words - it may be advantageous to give away the big money before 2026 if you want to take advantage of the larger threshold now in place.

What is more common is the annual gifting exemption amount. In 2022, the amount is \$16,000. Thanks to inflation that amount has been increased to \$17,000 for 2023 per person. Any individual can give any other individual \$17,000. A married couple can for example give their child \$34,000 in 2023. These gifts do not affect your estate tax gifting exemption limits.

Sources: www.elderlawanswers.com & *Increases to 2023 Estate & Gift Tax Exemptions Announced, Sept 15, 2022 by Varnum.*

Student Loan Forgiveness - Do you owe tax?

President Joe Biden's student loan forgiveness plan will soon cancel debt for millions of Americans — and the relief is tax-free on federal returns. However, experts say the cancellation may still trigger a state tax bill.

Most borrowers making less than \$125,000 per year or \$250,000 for married couples filing together will qualify for \$10,000 of forgiveness, with up to \$20,000 of cancellation for Pell Grant recipients.

These states may include Arkansas, Hawaii, Idaho, Kentucky, Massachusetts, Minnesota, Mississippi, New York, Pennsylvania, South Carolina, Virginia, West Virginia and Wisconsin, the analysis shows.

Source: *CNBC, August 26, 2022 "These 13 states may hit borrowers with up to \$1,100 in state tax liability on forgiven loans", Kate Dore, CFP & Margaret Rust, CFA*

2022 3rd Qtr & YTD Index Returns

	3Q22%:	9/30/22 YTD
DJIA:	-6.66%	-20.9%
S&P 500:	-5.26%	-24.7%
NASDAQ:	-4.1%	-32.4%

Indices are unmanaged portfolios and not available for direct investment. Quoted index returns, like you see on the left, assume that dividends are **not** reinvested and are often referred to for comparative purposes. Returns are calculated from TradeStation & YCharts.

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2023 Retirement Account Amounts

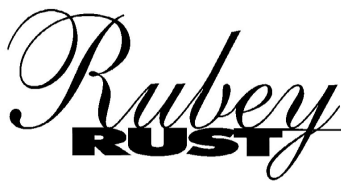
Thanks to rising inflation contribution amounts have risen - one of the few benefits!

Remember, that contributing to a Roth 401(k) may be your best bet for healthy, low tax retirement income.

	Under 50 + catch-up	Over 50
401(k)s	\$22,500	\$7,500 ==> \$30,000
IRAs	\$6,500	\$1,000 ==> \$7,500
Roth IRAs	\$6,500	\$1,000 ==> \$7,500
SEP IRAs	66,000	

Social Security Income will increase by 8.7% the largest increase since 1981!

Source: www.irs.gov



The Advice you Need; The Control you Want

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As always we will evaluate your individual financial/tax status, investment objectives, and current holdings before recommending any purchase or sale.